

Iraq Weekly Status Report

November 12, 2008

**Bureau of Near Eastern Affairs
US Department of State**

Unclassified



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HIGHLIGHTS

- Iraq's Presidency Council Ratifies Election Legislation for Minorities (**POLITICAL, page 4**).
- SOI Receive Pay, Attend Vocational Training, and Complete Police Training (**SECURITY, page 8**).
- Head of Iraqi Parliament's Oil and Gas Committee Concerned about Shell Gas Deal (**ECONOMIC, page 14**).
- Iran and Iraq sign a new Iraq-Iran aviation agreement November 5 (**DIPLOMATIC, page 23**).



POLITICAL - Governance & Legislation

Iraq's Presidency Council Ratifies Election Legislation for Minorities:

- On November 8, Iraq's Presidency Council ratified the Article 50 amendment to the Provincial Elections Law, reserving a total of six seats for minorities on provincial councils. Some Iraqi Christian lawmakers remain unhappy with the legislation and are threatening to boycott the upcoming elections if the quota does not change. The bill gives Christians one seat on each of the provincial councils in Baghdad, Basrah, and Ninewa. The Article 50 amendment also reserves one seat on provincial councils for Yezidis in Ninewa, one seat for the Shabaks in Ninewa, and one seat for the Sabeen community in Baghdad. This bill will only apply to the upcoming provincial elections.

Initial Petition Submitted for a Basrah Region:

- Two percent of Basrah's registered voters signed a petition seeking to form Basrah into a single-province region and submitted it to the Iraqi Independent High Electoral Commission (IHEC). If petition backers submit the signatures of another eight percent of voters within 30 days, the Council of Ministers will instruct IHEC to prepare for a referendum. IHEC would have three to four months to conduct it. Basrah Governor Wa'eli is the main proponent of a Basrah region.



POLITICAL - Governance & Legislation

Iraqi Christians Continue Returning to Mosul:

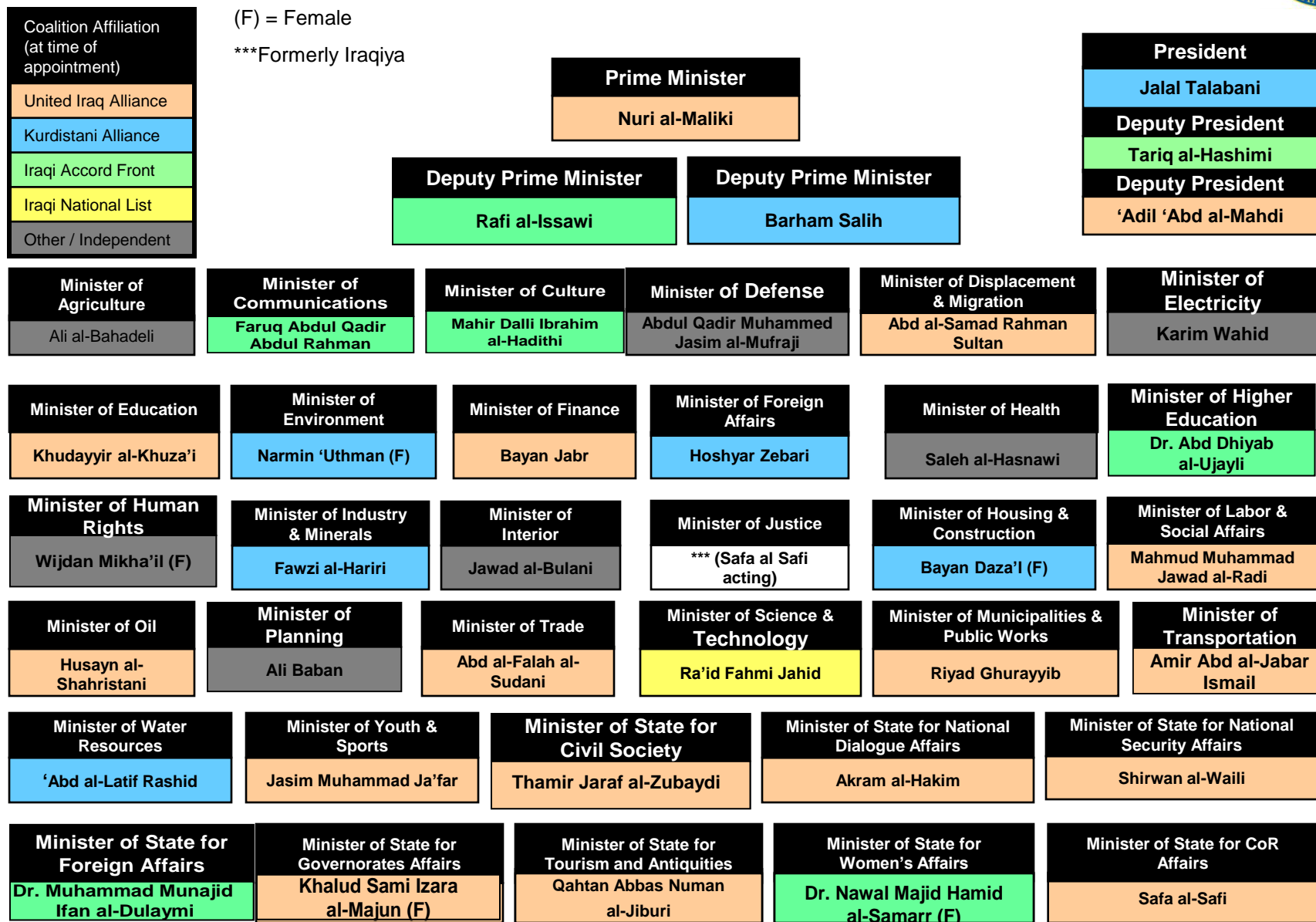
- The head of the Ministry of Displacement and Migration in Mosul, Jawdat Ismaiel, announced on November 7 that an estimated 400 Iraqi Christian families (approximately 2,400 individuals) have returned to Mosul. On October 30, the Iraqi government said it would give each family that returned one million Iraqi dinars (approximately \$865) and each family that is still displaced 300,000 dinars (approximately \$250). The government also gave Christian government workers and students a leave of absence from work and school until November 1. While attending a conference on Islamic-Christian dialogue, Prime Minister Maliki stated, "We will make all efforts to keep our Christian brothers honored and respected in Iraq, for they are an essential component of its society."

PM Maliki Calls for Granting the Central Government More Power:

- At a conference on leadership on November 8, Prime Minister Maliki called on Iraq's leaders to grant more power to the central government. He explained that the Iraqi Constitution was signed at a time of great sectarian strife and suggested that leaders yielded to the pressures at hand by placing significant power in Iraq's regions. He advised leaders to take advantage of improved security to build a stronger central government and to separate the responsibilities of the central government from those of the provinces.



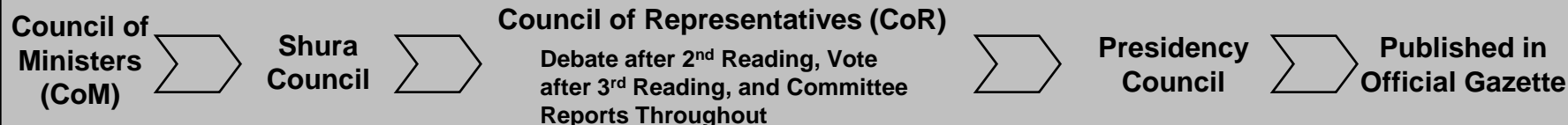
POLITICAL – Government of Iraq





POLITICAL – Key Legislation and Refugee Update

Legislative Process



Provincial Elections	PASSED: passed by the CoR on September 24; signed by the Presidency Council on October 7. The law includes an article entering it into force immediately upon signing, not waiting for publication in the Official Gazette. On November 3, the CoR passed an amendment guaranteeing minority representation on certain provincial councils. The Presidency Council approved the amendment on November 8.
Hydrocarbons Package	The Framework Law was resubmitted to the Oil and Gas Committee on October 26 and then returned to the Council of Ministers. There has been no progress on the other three laws.
Amnesty Law	PASSED: CoR approved the law on February 13; the law was signed by the Presidency Council February 26 and came into effect March 2.
Pensions Amendment	PASSED: Published in the Official Gazette December 2007.
De-Ba'athification	PASSED: Approved by default by the Presidency Council February 2008. Reform Published in the Official Gazette in mid-February.
Provincial Powers	PASSED: CoR approved the law on February 13; the law was vetoed by the Presidency Council February 26. The veto was rescinded on March 19. The provisions within the law will enter into force once Provincial Elections are held.

Refugee Update

- Refugees in the region: 2-2.4 million
- Internally displaced persons in Iraq: 2.7 million
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- The U.S. seeks to admit a minimum of 17,000 Iraqi refugees in FY09.



SECURITY - Situation Update

SOI Receive Pay, Attend Vocational Training, and Complete Police Training:

- Members of the Sons of Iraq (SOI) in the West Rashid district of Baghdad began receiving Government of Iraq (GOI) paychecks November 10, marking an important step in the SOI transition from Coalition to GOI control which began October 1. Approximately twenty percent of SOI members will transition into the ISF with the rest transitioning into other government or civilian employment. To facilitate this, more than 30 locations throughout Baghdad offer vocational training programs, providing SOI members with the necessary skills to find private sector jobs. Separately, more than 1,000 former SOI recently completed the first phase of Iraqi Police training at the al-Furat Iraqi Police Training Center in Baghdad.

Officials Denounce Terrorist Attacks in Iraq:

- Multiple bombings in Baghdad and Mosul on November 10 and 11 killed five Iraqi civilians and wounded another 70. During the early morning of November 11, two explosions in northern Baghdad injured 18 Iraqis, including three Iraqi Police officers. The previous day, a vehicle exploded in the city's Adhamiyah district, killing five civilians and wounding another 37, including two Iraqi Army soldiers. In the northern city of Mosul, a vehicle exploded outside the Mosul Ministry of Sports complex November 11, injuring 15 civilians. Multi-National Force-Iraq spokesman Colonel Bill Buckner blamed al-Qaida in Iraq (AQI) for using the "cowardly attacks in an attempt to discourage the Iraqi Security Forces and terrorize law-abiding citizens."



SECURITY - Situation Update

Security Progress Continues in Anbar:

- Deputy Commander of Multi-National Force - West (MNF-W) Major General (MG) Martin Post said that since Anbar province returned to Iraqi control, U.S. Marines are increasingly transitioning to an “overwatch” role as Iraqi Security Forces (ISF) take more responsibility. MG Post commented that the ISF in Anbar – specifically the Iraqi 1st and 7th Army Divisions, have reached a level of competency that they are now serving as force providers for other areas of the country, including Baghdad, Diyala, Basrah, and Ninewa provinces. MG Post estimated that 60 percent of the Iraqi units based in Anbar are deployed outside of the province. Anbar’s Iraqi Police Force has also matured with approximately 28,000 police officers serving in the province, up from 11,000 just two years ago. Additionally, as a sign of progress, Coalition Forces are moving their headquarters in Anbar from Camp Fallujah further west to the more remote Al Asad Airbase and have reduced troop numbers in the province from about 34,000 at the height of the 2007 surge to approximately 26,000 today.



SECURITY – Security Transition

Iraqi Air Force Increases its Helicopter Fleet, Capabilities:

- The Iraqi Air Force (IAF) received four new Mi-17 helicopters October 31, increasing its helicopter fleet to more than 50. U.S. Airmen at Camp Taji are teaching Iraqi Airmen all aspects of rotary wing aviation necessary to perform full-spectrum operations including: flying, maintenance, loading weapons systems, and door gunning. The Mi-17 will be utilized in the same fashion as the CH-47F Chinook, which the U.S. military depends on for transporting personnel and equipment and conducting air assault and air insertion missions. The Iraqi Air Force is scheduled to receive 22 more Mi-17 helicopters by the end of the year.



SECURITY - Iraqi Security Forces

Iraq Security Forces as of Sept. 30, 2008 ^a			
Component	Current Authorized Personnel	Assigned Personnel	Total Trained Personnel to date
Ministry of Interior (MoI) Forces ^e			
Iraqi Police Service ^f	327,380	305,713	204,404
National Police ^g	46,707	41,305	52,382
Border Enforcement	47,750	39,294	35,886
Total MoI	421,837	386,312	292,672
Ministry of Defense (MoD) Forces ^h			
Army	171,225	186,957	235,606
Support Forces	15,583	20,066	21,144
Air Force	3,603	1,988	2,799
Navy	3,543	1,898	1,494
Total MoD	193,954	210,909	261,043
Counter Terrorism Bureau			
Special Operations ⁱ	4,733	4,159	4,564
Total Iraqi Security Forces	620,524	601,380	558,279

**The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. MoI strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.



ECONOMIC – Economic & Government Capacity Update

Trade Bank of Iraq Upgrades Software and Services:

- The Trade Bank of Iraq has decided on an integrated solutions package to help the bank in its efforts to move towards universal banking from the British global application software and services company, Misys. TBI will upgrade to the latest version of Misys' core banking system Equation, integrated with the newest version of Trade Innovation—Misys TI Plus 2.0—and its branch automation solution, Equation Branch Automation (EBA). The package will be implemented at TBI's head office in Baghdad and improve services for customers as well as allow for further integration into new banking channels such as internet banking and ATMs. The bank's trade financing capabilities will also be improved.

Continuing Settlement of Claims from Iraq's Invasion of Kuwait:

- As relations between Kuwait and Iraq develop, Kuwaiti firms are seeking to enter into the Iraqi market and play a larger role in Iraq's reconstruction. The Commercial Bank of Kuwait is in talks with an unnamed lender, according to Chairman Abdulmajeed al-Shatti. A smaller bank, Burgan Bank, recently purchased a stake in Baghdad Bank. Agility, the largest logistics firm in the Gulf, has begun setting up platforms in the country on the expectation that goods will have to be moved when investors begin coming to Iraq. "When the security situation improves we will have more local partners to develop the business in Iraq. I think you can see it happening now," Agility Chairman Tarek Sultan said.



ECONOMIC – Oil

Crude Oil Update:

Price averages in world markets closed with the following prices:

Basrah Light at \$55.22/barrel

Dated Brent at \$60.27/barrel

WTI Cushing at \$64.17/barrel

Oman/Dubai at \$57.91/barrel

Revenue estimates:

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$58.1 Billion (ytd)

Oil Flow to Ceyhan Halted:

- An undisclosed shipping agent reported that Iraq halted its crude oil exports to Turkey at 5:30 AM local time November 10. The shipping agent said that they were not informed of the reason for the stop, but added that crude export could resume later in the evening. An explosion along the pipeline disrupted oil export last week, although flows resumed later in the week.



ECONOMIC – Oil

Head of Iraqi Parliament's Oil and Gas Committee Concerned about Shell Gas Deal:

- The head of the Iraqi parliament's Oil and Gas Committee, Ali Hussain Balou (Kurdistan Democratic Party), said November 8 that he was concerned about the lack of transparency in the flare gas contract which was signed with Royal Dutch Shell. The deal, a joint venture with the Iraqi state-run Southern Gas Company, reportedly gives the joint venture a monopoly over all of the natural gas collected in Basrah's oil fields. "Shell signed this agreement with the ministry ... They did not give a chance to another company. We want to know why," Balou said. However, the spokesman for the Ministry of Oil, Asim Jihad, said that the deal had been done in accordance with Iraqi law, which Jihad said allows ministries to form companies and joint ventures.



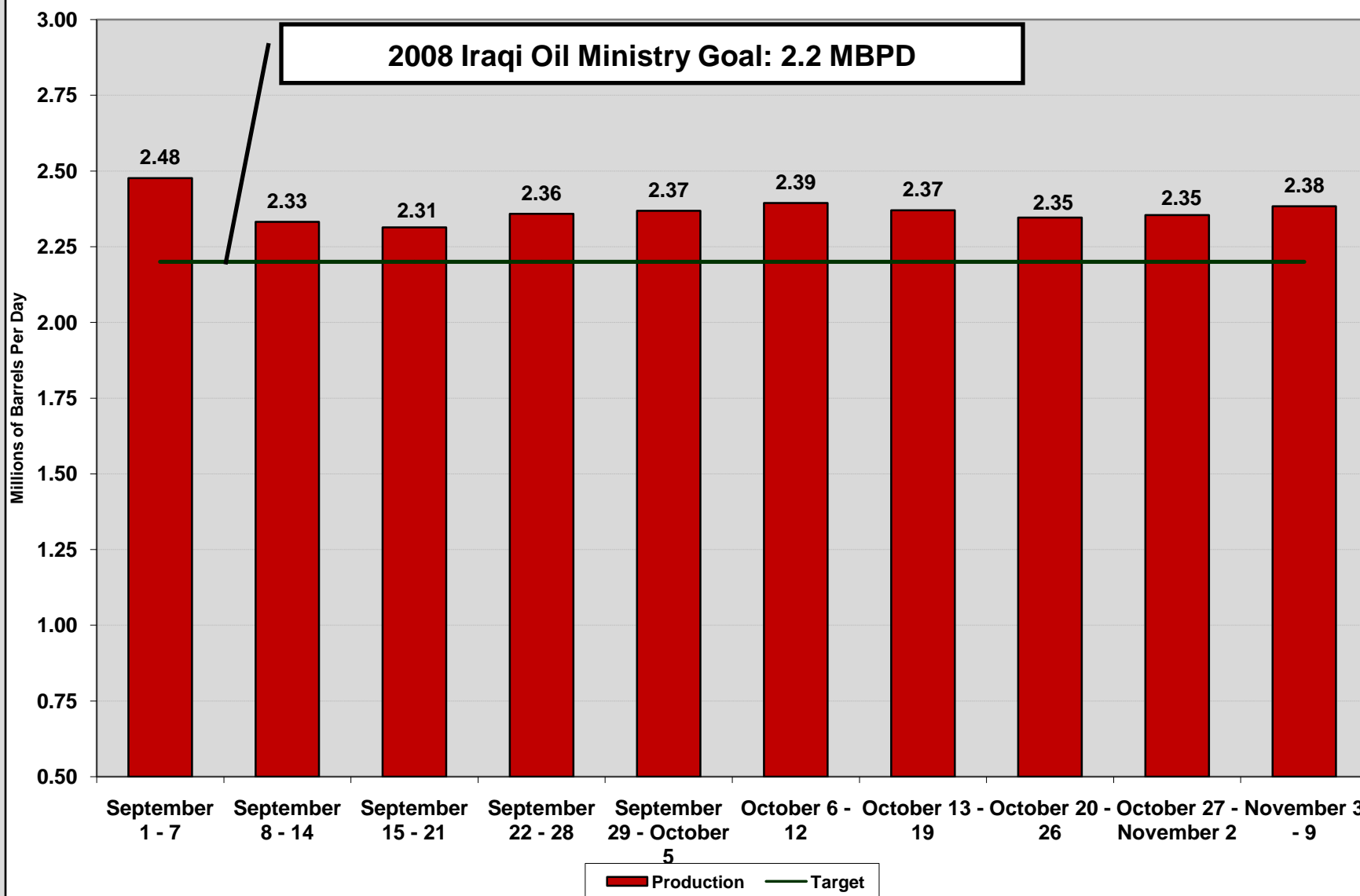
ECONOMIC – Essential Services

KRG Distributes Wheat and Barley:

- The Kurdistan Regional Government distributed wheat and barley to farms affected by the drought which has been plaguing the country. According to Mazen Mohaed Saaed, the mayor of the Bardash district, the KRG distributed 1,232 tons of wheat and 673 tons of barley to farmers whose harvests have been impacted by the lack of rain.

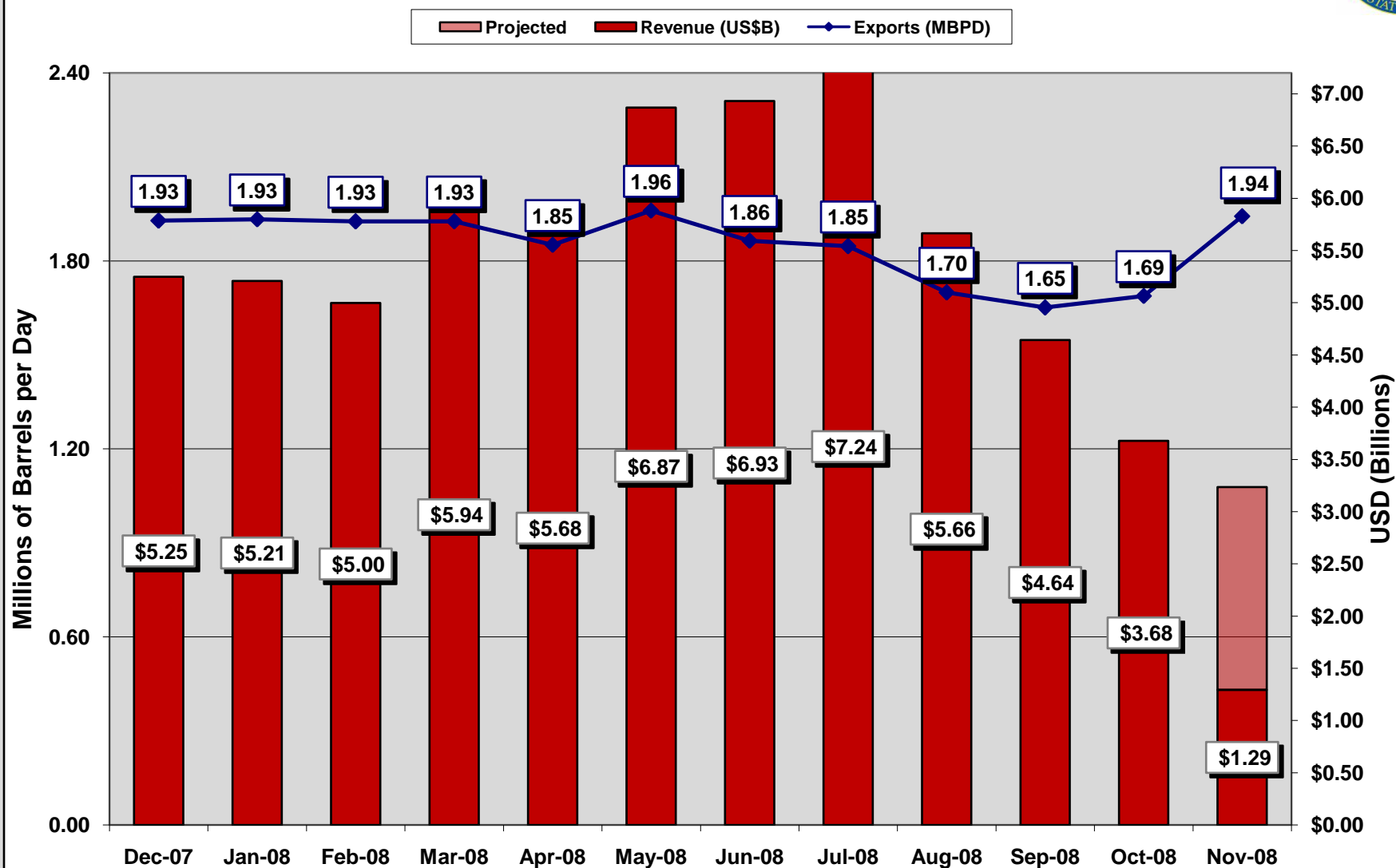


ECONOMIC – Crude Oil Production





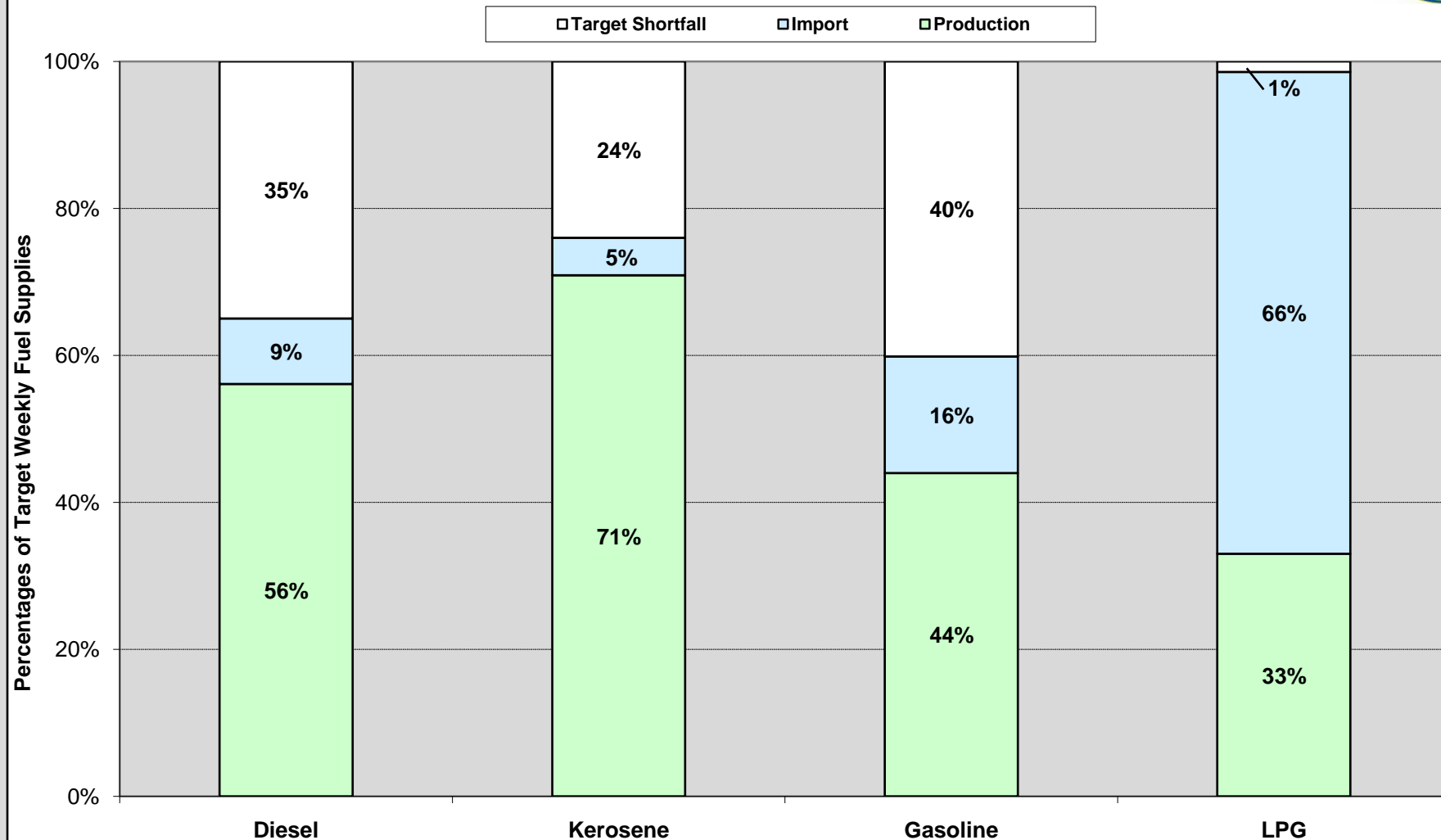
ECONOMIC – Crude Oil Export



- 2006 Revenue Estimate: \$31.3 Billion
- 2007 Revenue Estimate: \$41.0 Billion
- 2008 Revenue Estimate: \$58.1 Billion (ytd)



ECONOMIC – Total Critical Refined Product Supplies



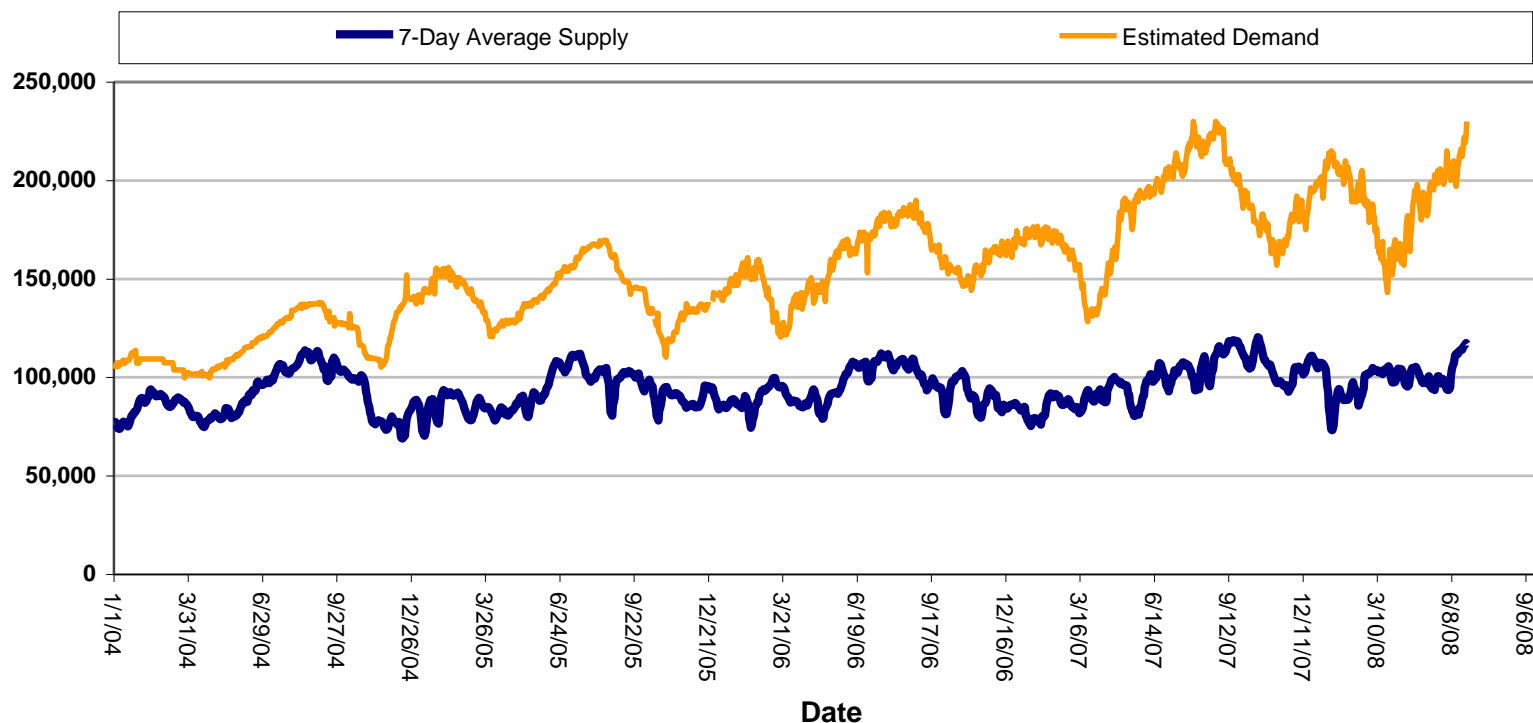
Note: This is a daily average for November 3 – 9

- Diesel: 15.9 ML supply of 24.5 ML target
- Kerosene: 11.1 ML supply of 14.6 ML target
- Gasoline: 16.0 ML supply of 26.8 ML target
- LPG: 5,028 tons supply of 5,100 tons target



ECONOMIC – Electricity

Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004

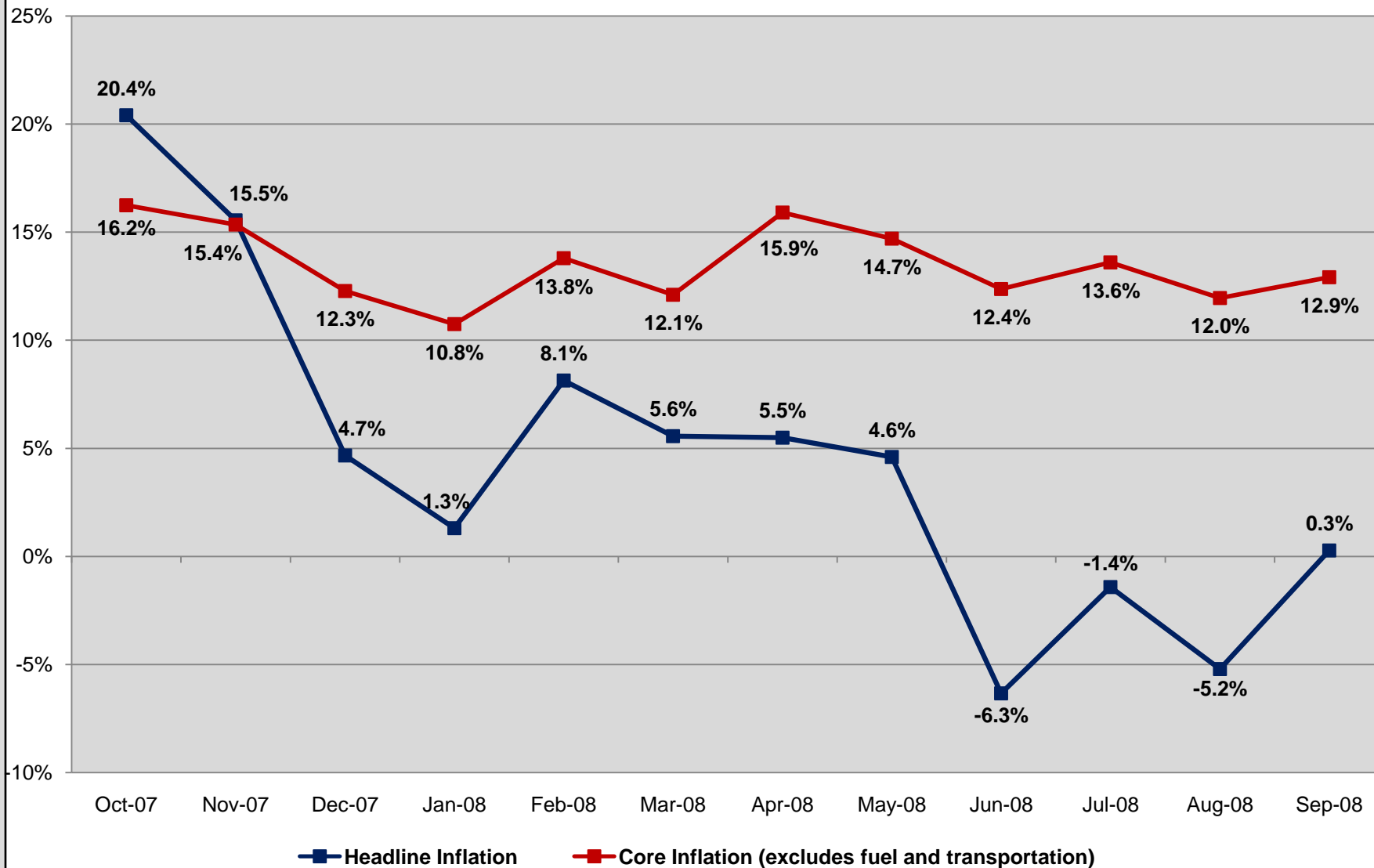


- Daily electricity demand November 5-11 was 6% above the same period last year. Daily supply from the grid was 22% above the year-earlier period and met 69% of demand, compared with 60% for the year-earlier period.
- For November 4-10 average hours of power from the grid after meeting demand from essential services were Baghdad: 16.6 and national 14.6. Year-ago levels were Baghdad 9.3 and national 12.7.



ECONOMIC – Economic Indicators

Year-on-Year Inflation





ECONOMIC – Economic Indicators

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$51.39	\$53.31	\$70.24	\$62.82
Yield	12.55%	12.14%	9.11%	10.16%
Central Bank's USD Currency Auction				
USD Sold	***	\$164,181	\$87,039	\$66,957,492
NID Exchange Rate	***	\$1,178	\$1,180	\$1,254
Total Employed by USG Programs				
	***	118,691	122,788	N/A



ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2

Sector\Status (Millions of USD)			Committed			Obligated			Disbursed		
	Allocated	Un-allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,960	\$17	\$4,937	\$4,937	\$0	\$4,937	\$4,937	\$0	\$4,871	\$4,871	\$0
Justice and Civil Society	\$2,299	\$20	\$2,263	\$2,263	\$0	\$2,262	\$2,262	\$0	\$2,181	\$2,182	\$1
Electricity Sector	\$4,178	\$36	\$4,066	\$4,064	-\$2	\$4,065	\$4,063	-\$3	\$3,940	\$3,952	\$12
Oil Infrastructure	\$1,717	\$7	\$1,608	\$1,608	\$0	\$1,608	\$1,608	\$0	\$1,581	\$1,582	\$1
Water and Sanitation	\$2,054	\$21	\$1,983	\$1,983	\$0	\$1,980	\$1,979	-\$1	\$1,849	\$1,859	\$9
Transportation and Comm\	\$462	\$2	\$459	\$458	-\$1	\$459	\$458	-\$1	\$421	\$423	\$1
Roads, Bridges and Const\	\$320	\$8	\$282	\$282	\$0	\$282	\$282	\$0	\$258	\$258	\$0
Health Care	\$810	\$9	\$793	\$793	\$0	\$793	\$793	\$0	\$744	\$745	\$1
Private Sector Development	\$838	\$1	\$820	\$820	\$0	\$820	\$820	\$0	\$814	\$814	\$0
Edu\, Refugees, Human Rights	\$470	\$0	\$436	\$436	\$0	\$435	\$435	\$0	\$409	\$409	\$0
Admin Expense (USAID,DoS)	\$220	\$0	\$218	\$218	\$0	\$218	\$218	\$0	\$208	\$208	\$0
Rescission	\$0	-\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total IRRF II	\$18,328	\$71	\$17,864	\$17,862	-\$3	\$17,859	\$17,855	-\$4	\$17,278	\$17,303	\$25
IRRF II Non-Construction	-	-	\$7,972	\$7,970	-\$2	\$7,970	\$7,968	-\$2	\$7,773	\$7,779	\$6
IRRF II Construction	-	-	\$9,373	\$9,372	-\$1	\$9,369	\$9,367	-\$2	\$8,988	\$9,007	\$19
IRRF II Overhead	-	-	\$520	\$520	\$0	\$520	\$520	\$0	\$517	\$517	\$0
Total IRRF I	\$2,475	\$0	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$0
Grand Total IRRF I & II	\$20,803	\$71	\$20,155	\$20,153	-\$3	\$20,092	\$20,087	-\$4	\$19,417	\$19,442	\$25

Data as of 12 November, 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.



DIPLOMATIC – Political Engagement

Iraq and Iran Sign Aviation Agreement:

- On November 5, Hossein Khanlari, the head of Iran's air transport regulator, the Civil Aviation Organization, and his Iraqi counterpart, Sabah al-Sheybani, signed a new aviation agreement between the two countries. The agreement will allow Iranian commercial flights between the two capitals seven times a week, 14 flights per week to Najaf from various airports in Iran, and seven cargo flights a week between Tehran and Baghdad.

Kuwaiti Airways Dispute Continues:

- The ongoing Iraq-Kuwait airline dispute continues, despite the Iraqi government offering to pay \$500 million to settle the row stemming from the 1990 Iraqi invasion. Kuwait Airways publicly maintains that it is owed \$1.2 billion in compensation. The Iraqi government claims Kuwait is demanding an international bank guarantee that the money will be paid next year, a request that the Iraqi government says it cannot meet until the 2009 national budget has been approved by the Iraqi parliament.



DIPLOMATIC – Political Engagement

European Union Renews Support for Iraq:

- At its November 10 meeting, the General Affairs Council of the European Union reaffirmed EU support for Iraq (particularly on rule of law issues and the International Compact with Iraq); noted the improving security situation; and welcomed moves towards elections “at the beginning of 2009.” The EU also welcomed the ongoing improvement in relations with other countries in the region, noting in particular the strengthening in diplomatic representation. At the same time the EU noted the need to protect human rights and praised UNAMI’s work in this and other areas.



DIPLOMATIC – Coalition Contributors

20 Countries with forces in Iraq (including US)

Albania	Czech Republic	Korea	Romania
Australia	Denmark	Lithuania	Tonga
Azerbaijan	El Salvador	Macedonia	Ukraine
Bosnia-Herzegovina	Estonia	Moldova	United Kingdom
Bulgaria	Georgia		
	Japan		

TOTAL ~ 6,400 Forces

26 Countries and NATO* (including the US) **Support Iraqi Stability Operations**

26 includes the US, the 19 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey

Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.



CONTACT INFORMATION

- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:
NEA-I-IPOG-DL@state.gov



NOTES AND SOURCE CITATIONS (1 of 2)

Slide 4:

- LA Times - <http://www.latimes.com/news/printedition/asection/la-fg-iraq9-2008nov09,0,6070902.story>
- Embassy Baghdad Correspondence

Slide 5:

- Iraq Updates - http://www.iraqupdates.com/p_articles.php/article/39446
- NY Times - http://www.nytimes.com/2008/11/09/world/middleeast/09iraq.html?_r=3&ref=world&oref=slogin&oref=slogin&oref=slogin

Slide 7:

- NEA-I-POL-DL@State.gov

Slide 8:

- MNFI Press Releases - http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=23591&Itemid=128; http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=23568&Itemid=128; http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=23524&Itemid=128
- Armed Forces Press Service- <http://www.defenselink.mil/news/newsarticle.aspx?id=51893>

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- Armed Forces Press Service- <http://www.defenselink.mil/news/newsarticle.aspx?id=51874>

Slide 10:

- MNFI Press Release- http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=23509&Itemid=128

Slide 11:

- DoD Input to Iraq Weekly Status Report November 12, 2008

Slide 12:

- Business Intelligence Middle East, November 10 - <http://bi-me.com/main.php?id=27106&t=1&c=17&cg=3&mset=1031>
- Reuters, November 7 - <http://www.reuters.com/article/InvestmentOutlook09/idUSTRE4A55MS20081106?pageNumber=1>

Slide 13:

- Reuters, November 10 - <http://www.reuters.com/article/middleeastCrisis/idUSLA253623>



NOTES AND SOURCE CITATIONS (2 of 2)

Slide 14:

- Reuters, November 8 - <http://www.reuters.com/article/GCA-Oil/idUSTRE4A71S320081108>

Slide 15:

- Aswat al-Iraq, November 10 - <http://en.aswataliraq.info/?p=102846>

Slide 16-18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 19:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 20:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 21:

- Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 06 November 2008) (Bloomberg) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (<http://www.cbiraq.org/C.B.I.%20FOREIGN%20EXCHANGE%20AUCTIONS.pdf>)

Slide 22:

- ITAO IMU Essential Indicators Report, Baghdad, 06 November 2008

Slide 23:

- Middle East Business Intelligence - http://www.meed.com/news/2008/11/iran_and_iraq_aviation_deal_paves_way_for_crossborder_commercial_flights.html
- Middle East Business Intelligence - http://www.meed.com/news/2008/11/iraqukuwaiti_air_dispute_talks_stall_again.html

Slide 24:

- EU website, November 10 - http://www.nasdaq.com/aspxcontent/NewsStory.aspx?cpath=20081110%5cACQRTT200811100907RTTRADERUSEQUITY_0750.htm&&mypage=newsheadlines&title=Azerbaijan%20favors%20troop%20pullout%20from%20Iraq

Slide 25:

- DOD Input to Weekly Status Report, updated November 12, 2008